

**MOSQUITO ABATEMENT DISTRICT NO. 1
OF CAMERON PARISH
CREOLE, LOUISIANA**

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

Year Ended December 31, 2006

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8-8-07

**MOSQUITO ABATEMENT DISTRICT NO. 1
Of Cameron Parish
Creole, Louisiana**

**BASIC FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2006**

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Required Supplemental Information (Part I):

Management's Discussion and Analysis

Mosquito Abatement District No. 1
Of Cameron Parish

Management's Discussion and Analysis
For the Year Ended December 31, 2006

As Management of the Mosquito Abatement District No. 1 of Cameron Parish (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District as of and for the year ended December 31, 2006. We encourage readers to consider the information presented here in conjunction with the District's basic financial statements and supplementary information provided in this report in assessing the efficiency and effectiveness of our stewardship of public resources.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis - for State and Local Governments* ("GASB No 34") issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

- The assets of the District exceeded its liabilities at December 31, 2006 by \$2,240,748 (net assets).
- The District's net assets decreased by \$481,124 as a result of this year's operations.
- Total net assets are comprised of the following:
 - (1) Capital assets of \$742,250 which includes property and equipment, net of accumulated depreciation.
 - (2) Unrestricted net assets of \$1,498,498 represent the portion available to maintain the District's continuing obligations to citizens and creditors.
- At December 31, 2006, the District's governmental funds consist solely of the District's general fund. The District's governmental funds reported a total ending fund balance of \$1,514,697 a decrease of \$1,078,599, including expenditures for capital assets. Of the total fund balance, \$1,427,046 is unrestricted and available for spending at the District's discretion.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis is intended to serve as an introduction to the District's basic financial statements. In accordance with GASB No. 34, the District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements. The government-wide financial statements of the District report information about the District using accounting methods similar to those used by private companies. They present the financial picture of the District from an economic resources measurement focus using the accrual basis of accounting. These statements include all assets of the District (including capital assets) as well as all liabilities (including long-term obligations.)

The *Statement of Net Assets* presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the Districts is improving or deteriorating.

The *Statement of Activities* presents the current year's revenues and expenses and other information showing how the District's net assets changed during the year. The change in net assets is reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Mosquito Abatement District No. 1
Of Cameron Parish

**Management's Discussion and Analysis
For the Year Ended December 31, 2006**

Government-wide Financial Statements. (continued)

Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements are presented on pages 9 - 10 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are categorized as governmental funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as, on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains one individual governmental fund – the general fund. The District adopts an annual appropriated budget for the general fund, and a budgetary comparison schedule is provided for the general fund to demonstrate compliance with this budget.

The governmental fund financial statements are presented on pages 9 - 10 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budget presentation. The general fund's budgetary comparison schedule is included as "required supplementary information." Required supplementary information is information that the accounting rules strongly suggest be presented within the District's financial report. This schedule demonstrates compliance with the District's adopted and final revised budget.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The District implemented the new financial reporting model used in this report beginning with the current calendar year ended December 31, 2006. Over time, as we accumulate year-to-year financial information on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the District as a whole.

Mosquito Abatement District No. 1
Of Cameron Parish

Management's Discussion and Analysis
For the Year Ended December 31, 2006

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

The District's net assets at December 31, 2006 and 2005 are summarized as follows:

Summary of Net Assets

	2006	2005
Assets:		
Current Assets	\$ 2,169,517	\$ 2,656,799
Capital Assets (net of accumulated depreciation)	742,250	145,679
Total Assets	<u>\$ 2,911,767</u>	<u>\$ 2,802,478</u>
Liabilities:		
Current and Other Liabilities	\$ 54,820	\$ 63,502
Long-Term Liabilities	616,199	17,104
Total Liabilities	<u>671,019</u>	<u>80,606</u>
Net Assets:		
Invested in Capital Assets (net of related debt)	742,250	145,679
Unrestricted	1,498,498	2,576,193
Total Net Assets	<u>\$ 2,240,748</u>	<u>\$ 2,721,872</u>

The largest components of the District's total assets are: (1) cash and investments of \$700,544 or 24% (2) capital assets (e.g., land, building, and improvements and equipment, (net of accumulated depreciation) of \$742,250 or 25%; and (3) ad valorem taxes receivable of \$1,361,143 or 47%. Of the District's total liabilities, the largest component is (1) the note payable to Cameron State Bank of \$600,000 or 89%.

As noted earlier, net assets (total assets less total liabilities) may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, the District's net assets totaled \$2,240,748. A portion of the District's net assets reflect its investments in capital assets (e.g., building, land and equipment). Capital assets are non-liquid assets and cannot be utilized to satisfy the District's obligations. The unrestricted net assets of the district are available for future use. The unrestricted net assets exceeds 100% of the total operating expenses for the fiscal year ended December 31, 2006, which is 14 months of these expenses. This measure is an estimate of how long the District might be expected to operate on its current resources.

Mosquito Abatement District No. 1
Of Cameron Parish

**Management's Discussion and Analysis
For the Year Ended December 31, 2006**

Summary Statement of Changes in Net Assets

	2006	2005
Program Revenues:		
Charges for Services	\$ -	\$ -
Employee Insurance Portion	3,451	4,045
FEMA Reimbursement	-	3,315
Property Taxes	1,428,877	1,496,711
Federal Revenue Sharing	11,949	9,717
State Revenue Sharing	10,271	10,840
Intergovernmental Revenue	44,544	-
Interest Income	67,816	42,158
Other	97,063	12,190
Total Revenues	<u>1,663,971</u>	<u>1,578,976</u>
Expenses:		
Personnel	430,752	471,625
Operating Services	171,954	155,538
Materials and Supplies	1,457,127	434,844
Travel and Other Charges	501	1,270
Loss on Disposal of Assets	-	42,908
Depreciation	84,761	43,726
Total Expenses	<u>2,145,095</u>	<u>1,149,911</u>
Change in Net Assets	(481,124)	429,065
Net Assets - Beginning	<u>2,721,872</u>	<u>2,292,807</u>
Net Assets - Ending	<u>\$ 2,240,748</u>	<u>\$ 2,721,872</u>

Governmental activities decreased net assets by \$481,124 for the year ended December 31, 2006.

Key elements of the analysis of government-wide revenues and expenses reflect the following:

- The District is heavily dependent on property taxes to support its operations. Property taxes provided 86% of the District's total revenues.
- Revenue sharing provided by the State of Louisiana and program revenues totaled approximately 1% of the District's current year resources for both years.
- The District's operations are primarily staff oriented. As a result, employee salaries and benefits make up approximately 20% and 41%, respectively, of the total expenses.
- Operating Services and Materials and Supplies expense comprise 76% and 55%, respectively, of total expenses.

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The financial statements of the District present its General Fund. The General Fund is the District's operating fund and the source of day-to-day service delivery. As discussed, the General Fund is useful in assessing the resources available at the end of the year in comparison with upcoming requirements.

Mosquito Abatement District No. 1
Of Cameron Parish

Management's Discussion and Analysis
For the Year Ended December 31, 2006

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS (continued)

At December 31, 2006, the District's General Fund balance (total assets less total liabilities) totaled \$1,514,697, \$87,651 of which was reserved for inventory.

Total operating revenues reflect a 5% (\$84,995) increase in 2006 as compared to 2005 due primarily to an increase of \$84,873 in miscellaneous revenue.

Total operating expenses, including capital outlay, increased by 94% (\$1,036,789) from 2005 to 2006. The most significant increase in expenses occurred in Materials and Supplies. The total increase in these expenses from 2005 to 2006 was (\$1,020,076).

GENERAL BUDGETARY POLICY

The District employs formal budgetary integration as a management control device during the year. Budgeted amounts included in the Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual (Budgetary Basis) include the original adopted budget amounts and the final amended budget amounts. Original budgets for each year are adopted on or before December 31 of the year preceding the budget year. The original budget is based on estimated revenues, estimated expenses, and other financial information known to the District at the time of the adoption of the budget. Amendments to the original budget are made throughout the year as changes in operations, in expected funding levels, and in estimated expenditures occur. The final amended budget is prepared at the time the District anticipates no additional significant increases or decreases in revenues and expenses for the year and no expected changes in operations.

CAPITAL ASSETS AND LONG-TERM OBLICATIONS

Capital Assets

At the end of December 31, 2006, the District had invested in various capital assets, including equipment, furniture, and vehicles. The capital assets are summarized below:

	<u>Governmental Activities</u>
Depreciable Assets:	
Equipment	\$ 884,839
Buildings	26,524
Land	<u>72,200</u>
Totals	983,563
Less Accumulated Depreciation	<u>241,313</u>
Book Value - Depreciable Assets	<u>\$ 742,250</u>

ECONOMIC FACTORS AND FUTURE OUTLOOK

The District's budgeted revenues and expenditures for 2007 are comparable to 2006's actual revenues and expenditures. The district does not anticipate any changes in its day-to-day operations that will have a material effect on its 2007 budget.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to show its accountability for the money it receives. If you have questions about this report or need additional financial information, contact Don Menard, at the District's Office, 146 Theriot Road, Bell City, Louisiana 70630 or call at (337) 905-5941.

McMullen and Mancuso
Certified Public Accountants, LLC
P.O. Box 202

Lisa F. McMullen, CPA
Pamela C. Mancuso, CPA

3600 Maplewood Drive
Sulphur, Louisiana 70668

Telephone (337) 625-5054
Fax (337) 625-5849

INDEPENDENT AUDITORS' REPORT

Board of Directors
Mosquito Abatement District No. 1
of Cameron Parish
Creole, Louisiana

We have audited the accompanying financial statements of the governmental activities and major fund of the Mosquito Abatement District No. 1 of Cameron Parish, a component unit of the Cameron Parish Police Jury, as of December 31, 2006 and the year then ended, which collectively comprise the basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the governmental activities and major fund of the Mosquito Abatement District No. 1 as of December 31, 2006, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 22, 2007, on our consideration of the Mosquito Abatement District No. 1 of Cameron Parish's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contract, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and Budgetary Comparison on pages 3 through 7 and 21 through 22, respectively are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

McMullen and Mancuso, CPAs, LLC

McMullen and Mancuso CPAs
May 22, 2007

Members

American Institute of Certified Public Accountants
Louisiana Society of Certified Public Accountants

**MOSQUITO ABATEMENT DISTRICT NO. 1
OF CAMERON PARISH
Creole, Louisiana
Governmental Funds Balance Sheet/Statement of Net Assets**

Statement A

December 31, 2006

	<u>General Fund</u>	<u>Adjustments (Note 1)</u>	<u>Statement of Net Assets</u>
ASSETS			
Cash and Cash Equivalents	\$ 700,544	\$ -	\$ 700,544
Taxes Receivable	1,361,143	-	1,361,143
State Revenue Sharing Receivable	10,271	-	10,271
Miscellaneous Receivable	850	-	850
Inventory	87,651	-	87,651
Capital Assets, (net of accumulated depreciation)	-	742,250	742,250
Prepaid Insurance	8,908	-	8,908
Rent Deposit	150	-	150
Total Assets	<u>\$ 2,169,517</u>	<u>\$ 742,250</u>	<u>\$ 2,911,767</u>
LIABILITIES			
Current:			
Accounts Payable	\$ 54,820	-	\$ 54,820
Total Current Liabilities	54,820	-	54,820
Long-Term Liabilities:			
Accrued Compensated Absences	-	16,199	16,199
Note Payable - CSB	600,000	-	600,000
Total Long -Term Liabilities	<u>600,000</u>	<u>16,199</u>	<u>616,199</u>
Total Liabilities	654,820	16,199	671,019
FUND BALANCES			
Reserved for Inventories	87,651	(87,651)	-
Unreserved, Reported in General Fund	1,427,046	(1,427,046)	-
Total Fund Balances	<u>1,514,697</u>	<u>(1,514,697)</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 2,169,517</u>		
NET ASSETS			
Invested in Capital Assets,(net of related debt)		742,250	742,250
Unrestricted		<u>1,498,498</u>	<u>1,498,498</u>
Total Net Assets		<u>\$ 2,240,748</u>	<u>\$ 2,240,748</u>

The accompanying notes are an integral part of this statement

**MOSQUITO ABATEMENT DISTRICT NO. 1
OF CAMERON PARISH
Creole, Louisiana**

**Statement of Governmental Fund Revenues, Expenditures,
and Changes in Fund Balances/
Statement of Activities**

For the Year Ended December 31, 2006

	<u>General Fund</u>	<u>Adjustments (Note 1)</u>	<u>Statement of Activities</u>
EXPENDITURES/EXPENSES			
Current			
Personnel Services	\$ 431,655	\$ (903)	\$ 430,752
Operating Services	171,954	-	171,954
Materials and Supplies	1,457,127	-	1,457,127
Travel and Other Charges	501	-	501
Capital Outlay	681,333	(681,333)	-
Depreciation	-	84,761	84,761
Total Expenditures	<u>2,742,570</u>	<u>(597,475)</u>	<u>2,145,095</u>
PROGRAM REVENUES			
Employee Insurance Portion	3,451	-	3,451
Net Program Expenses	<u>2,739,119</u>	<u>-</u>	<u>2,141,644</u>
GENERAL REVENUES			
Property Taxes	1,428,877	-	1,428,877
State Revenue Sharing	10,271	-	10,271
Federal Revenue Sharing	11,949	-	11,949
Intergovernmental Revenue	44,544	-	44,544
Interest Income	67,816	-	67,816
Miscellaneous	97,063	-	97,063
Total General Revenues	<u>1,660,520</u>	<u>-</u>	<u>1,660,520</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	(1,078,599)	(597,475)	(481,124)
Change in Net Assets	<u>(1,078,599)</u>	<u>597,475</u>	<u>(481,124)</u>
FUND BALANCE/NET ASSETS			
Beginning of Year	<u>2,593,296</u>	<u>128,576</u>	<u>2,721,872</u>
End of Year	<u>\$ 1,514,697</u>	<u>\$ 726,051</u>	<u>\$ 2,240,748</u>

The accompanying notes are an integral part of this statement

Mosquito Abatement District No. 1
Of Cameron Parish

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Mosquito District No. 1 of Cameron Parish was created on April 4, 1972, as a political subdivision of the State of Louisiana under the provisions of Louisiana Revised Statutes 33:7721, and was established for the abatement, control, eradication, and study of mosquitoes and other arthropods of public health importance within the district. The District is governed by a board of 5 directors who are appointed by the Cameron Parish Police Jury.

NOTE A – BASIS OF PRESENTATION

The accompanying basic financial statements of the District have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements- and Management's Discussion and Analysis- for State and Local Governments*, issued in June 1999. Certain of the significant changes in the Statement include the following:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the District's overall financial position and results of operations;
- Financial statements prepared using full accrual accounting for all of the District's activities; and
- A change in the fund financial statements to focus on the major funds.

NOTE B – REPORTING ENTITY

As the governing authority of the parish, for reporting purposes, the Cameron Parish Police Jury is the financial reporting entity for Cameron Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Cameron Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criterion includes:

1. Appointing a voting majority of an organization's governing body, and:
 - a. The ability of the police jury to impose its will on that organization and/or;
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.

Mosquito Abatement District No. 1
Of Cameron Parish

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2006

NOTE B – REPORTING ENTITY (continued)

2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the police jury appoints all board members of the District and can impose its will on the District, the District was determined to be a component unit of the Cameron Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

NOTE C- FUND ACCOUNTING

The District uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain District functions or activities. A fund is a separate fiscal and accounting entity with a self-balancing set of accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures.

Governmental Funds

Governmental funds account for all or most of the District's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations of the District. The following are the District's governmental funds:

General Fund - The primary operating fund of the District, it accounts for all financial resources, except those required to be accounted for in other funds. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to the District's policy.

NOTE D- CAPITAL ASSETS

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. All of the fixed assets are based on actual historical costs. The district maintains a threshold level of \$1,000 or more for capitalizing capital assets.

Capital assets and relative expenses are recorded in the Statement of Net Assets and Statement of Activities, respectively, but are not reported in the fund financial statements. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes.

Mosquito Abatement District No. 1
Of Cameron Parish

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2006

NOTE D- CAPITAL ASSETS (continued)

All capital assets are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Equipment	5-10 years
Building	40 years

NOTE E - COMPENSATED BALANCES

Employees of the District may accumulate from 5 to 25 days of annual leave, depending on their length of service. Upon resignation or retirement, unused vacation leave is paid to the employee at the employee's current rate of pay, not to exceed \$3,000. Employees may accumulate 18 days of sick leave each year, depending on their length of service. Sick leave may be accumulated without limitation. (Any unused accumulated sick leave is forfeited by the employee at their time of resignation or retirement.)

The cost of leave privileges, computed in accordance with the GASB Codification Section C60, is recognized as a current year expenditure in governmental funds when leave is actually taken or when employees or their heirs are paid for accrued leave upon retirement or death. The cost of leave privileges not requiring current resources is recorded in the general long-term obligations account group.

As reflected on Statement A, at December 31, 2006, employees of the District have accumulated and vested \$16,199 of employee leave benefits, computed in accordance with GASB Codification Section C60.

NOTE F - INVENTORY

Inventory in the General Fund consists of expendable supplies held for consumption. Inventories are valued at the lower of cost (first-in, first-out) or market.

NOTE G - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; and injuries to employees. To handle such risk of loss, the District maintains commercial insurance policies covering: automobile liability and collision; surety bond coverage; workers' compensation insurance; airplane liability; and property insurance. In addition to the above policies, the District maintains a general liability policy and an errors and omissions policy. No claims were paid on any of the policies during the past three years which exceeded the policies' coverage amount.

NOTE H- MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Fund Financial Statements (FFS)

The amounts reflected in the General Fund of Statements A and B are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses

Mosquito Abatement District No. 1
Of Cameron Parish

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2006

NOTE H- MEASUREMENT FOCUS/BASIS OF ACCOUNTING (continued)

Fund Financial Statements (FFS) (continued)

(i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of the District's operations.

The amounts reflected in the General Fund of Statements A and B use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Ad valorem taxes and the related state revenue sharing are recorded in the year the taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis and attach as an enforceable lien and become due and payable on the date the tax rolls are filed with the recorder of mortgages. Louisiana Revises Statute 47:1993 requires that the tax roll be filed on or before November 15 of each year. Ad valorem taxes become delinquent if not paid by December 31. The taxes are normally collected in December of the current year and January through the tax sale of the ensuing year.

Interest income on interest bearing demand deposits is recorded at the end of the month when credited by the bank. Interest income on time deposits is recorded when the time deposits have matured and the interest is available.

Based on the above criteria, ad valorem taxes and state revenue sharing have been treated as susceptible to accrual.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for compensated absences, which are recognized when paid.

Government-Wide Financial Statements (GWFS)

The column labeled Statement of Net Assets (Statement A) and the column labeled Statement of Activities (Statement B) display information about the District as a whole. These statements include all the financial activities of the District. Information contained in these columns reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

Mosquito Abatement District No. 1
Of Cameron Parish

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2006

NOTE H- MEASUREMENT FOCUS/BASIS OF ACCOUNTING (continued)

Program Revenues – Programs revenues included in the column labeled Statement of Activities (Statement B) are derived directly from the District's users as a fee for services; program revenues reduce the cost of the function to be financed from the District's general revenues.

Reconciliation

The reconciliation of the items reflected in the funds columns to the Statement of Activities (Statement B) and the Statement of Net Assets (Statement A) are as follows:

Statement B

Net Change in Fund Balance - total	\$	(1,078,599)
------------------------------------	----	-------------

Amounts reported for governmental activities in Statement of Net Assets are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives:

Expenditures for capital assets	\$	681,333	
Less: Current year depreciation		<u>84,761</u>	596,572

Compensated absences not payable from current year resources are not reported as expenditures of the current year. In the Statement of Activities, these costs represent expenses of the current year.		903
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When recognizing the sale of capital assets, the governmental funds report the total proceeds of the sale. Only the gain or loss on the sale is reported on the Statement of Net Assets.

Change in Net Assets of Governmental funds	\$	<u>(481,124)</u>
--	----	------------------

Statement A

Fund Balance		1,514,697
Reporting of net capital assets		742,250
Reporting of accrued compensated absences		<u>(16,199)</u>
Net Assets	\$	<u>2,240,748</u>

Mosquito Abatement District No. 1
Of Cameron Parish

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2006

NOTE I – CASH AND CASH EQUIVALENTS

Under state law, the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The District may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

At December 31, 2006, the District has cash and cash equivalents (book balances) totaling \$700,544 of which \$122,576 is in demand accounts and \$577,968 is in time deposit account. These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must equal the amount with the fiscal agent at all times.

These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2006, the District had \$705,053 in deposits (collected bank balances). These deposits are secured by \$200,000 of federal deposit insurance and \$505,053 pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent has failed to pay deposited funds on demand.

NOTE J – RESERVATIONS OF FUND BALANCE

The District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore, are not available for appropriations or expenditures in the governmental fund balance sheet. Unreserved fund balance indicates that portion of fund equity, which is available for appropriations, in future periods. Fund equity reserves have been established for encumbrances in the general fund for inventory. If restricted and unrestricted assets are available for the same purpose, then restricted assets will be used before unrestricted assets.

2. LEVIED TAXES

The District has an authorized tax millage of 9.59 mills for general maintenance and operation of the District.

Mosquito Abatement District No. 1
Of Cameron Parish

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2006

2. LEVIED TAXES (continued)

The following are the principal taxpayers for the parish and their 2006 assessed valuation (amounts expressed in thousands):

	2006 Assessed Valuation
Natural Gas Pipeline	\$ 10,716,650
ANR Pipeline Co.	6,003,760
Transcontinental Gas Pipeline	5,516,750
Citgo Petroleum Co.	5,196,005
Hilcorp Energy Company	4,389,238
Targa Midstream Inc.	3,783,711
Tenneco Inc.	3,183,100
Chevron Texaco Expl. & Prod.	2,986,386
Edison Chouest Offshore, LLC	2,916,900
Texas Eastern Transmission	2,761,750
Total	<u>\$ 47,454,250</u>

The following is a schedule of the 2006 property tax calendar that is applicable to the District:

1. Levy date – October 2006
2. Billing date – November 2006
3. Collection dates – December 2006 – January 2007
4. Due dates – on receipt
5. Delinquent date – December 31, 2006
6. Lien date – February 2007

3. RECEIVABLES

The General Fund receivables of \$1,372,264 at December 31, 2006, are as follows:

<u>Class of Receivable</u>	
Ad valorem taxes	\$ 1,361,143
State revenue sharing	10,271
Miscellaneous	850
Total	<u>\$ 1,372,264</u>

Mosquito Abatement District No. 1
Of Cameron Parish

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2006

4. CHANGES IN GENERAL FIXED ASSETS

The following schedule presents changes in general fixed assets for the year ended December 31, 2006:

	Balance January 1	Additions	Deletions	Balance December 31
Land	\$ 15,000	\$ 57,200	-	\$ 72,200
Buildings	-	26,524	-	26,524
Equipment	287,230	597,609	-	884,839
Total	302,230	681,333	-	983,563
Less:				
Accumulated Depreciation	156,551	84,761	-	241,312
Net Capital Assets	\$ 145,679	\$ 596,572	\$ -	\$ 742,251

5. RETIREMENT SYSTEM

Substantially all employees of the District are members of the Parochial Employees Retirement System of Louisiana (System). The system is a multiple-employer (cost-sharing), defined benefit pension plan administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and B, with separate assets and benefit provisions. Participating employees of the District are members of Plan B.

All permanent employees working at least 28 hours per week who are paid wholly or in part from parish funds and all elected parish officials are eligible to participate in the System. Under Plan B, employees who retire at or after age 62 with at least 10 years of creditable service or after age 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 2.0 percent of their final-average monthly salary in excess of \$100 for each year of creditable service. Furthermore, employees with at least 10 years of creditable service but less than 30 years, may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3.0 percent for each year retirement precedes age 62. In any case, monthly retirement benefits paid under Plan B cannot exceed the lesser of 100 percent of final-average salary or \$70 multiplied by total years of credible service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employees' Retirement System, Post Office Box 14619, Baton Rouge, Louisiana 70898-4619 or by calling (504) 928-1361. Under Plan B, members are required by state statute to contribute 3.0 percent of their annual covered salary in excess of \$1200 and the District is required to contribute at an actuarially determined rate. The current rate is 5.75 percent of annual covered payroll. Contributions to the System also include one-fourth of one per cent of the taxes shown to be collectible by the tax rolls of each parish, except Orleans and East Baton Rouge parishes. These tax dollars are divided between Plan A and B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the District are established and may be amended by state statute.

Mosquito Abatement District No. 1
Of Cameron Parish

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2006

5. RETIREMENT SYSTEM (continued)

As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by an actuarial valuation and are subject to change each year based on the results of the valuation of the prior fiscal year.

The District's contributions to the System under Plan B for the years ending December 31, 2006, 2005, and 2004, were \$15,505, \$17,576 and \$15,805 respectively, equal to the required contributions for each year.

6. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

The District provides certain continuing health care and life insurance benefits for its retired employees. Substantially all of the District's employees become eligible for these benefits if they reach normal retirement age while working for the District. These benefits for retirees and similar benefits for active employees are provided through an insurance company whose monthly premiums are paid jointly by the employee and the District. The District's costs of providing retiree health care and life insurance benefits are recognized as expenditures when the monthly premiums are paid.

7. CHANGES IN GENERAL LONG-TERM OBLIGATIONS

The following summary of changes in compensated absences for the year ended December 31, 2006:

Compensated absences payable- January 1, 2006	\$ 17,104
Additions	6,475
Deductions	<u>(7,380)</u>
Compensated absences payable- December 31, 2006	<u>\$ 16,199</u>

8. LITIGATION AND CLAIMS

The District is not involved in any litigation at December 31, 2006, nor is it aware of any unasserted claims that will exceed the amount at the District's liability insurance deductible.

9. LEASES

On September 24, 2005, the District was severely impacted by Hurricane Rita. The building and contents incurred material devastation, forcing the District to relocate its operations. The District entered into operating leases for land and a building. The lease for the land was entered into on November 4, 2005 for twenty-four (24) months at \$150 per month. The lease for the office trailer was entered into on November 9, 2005 for six (6) months at \$580 per month. The District purchased the office trailer in July 2006.

Minimum lease payments over the next year is as follows:

December 31,	
2007	1,650
	<u>\$ 1,650</u>

Required Supplemental Information (Part II)

**MOSQUITO ABATEMENT DISTRICT NO.1
OF CAMERON PARISH
Creole, Louisiana
GOVERNMENTAL FUND - GENERAL FUND**

Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget (GAAP/Non-GAAP Basis) and Actual
For the Year Ended December 31, 2006

REVENUES	Budgeted Amounts		Actual Amounts GAAP Basis	Budgeted to GAAP Differences Over (Under)
	Original	Final		
PROGRAM REVENUES				
Miscellaneous Income	\$ 9,868	\$ 110,000	\$ 100,514	\$ (9,486)
FEMA Reimbursements	-	-	-	-
Total Program Revenues	9,868	110,000	100,514	(9,486)
GENERAL REVENUES				
Property Taxes	970,626	1,500,000	1,384,265	(115,735)
Federal Revenue Sharing	6,802	12,000	11,949	(51)
State Revenue Sharing	4,898	10,500	10,271	(229)
Intergovernmental Revenue	-	-	44,544	44,544
Interest Income	28,096	62,000	67,816	5,816
Total General Revenues	1,010,422	1,584,500	1,518,845	(65,655)
Total Revenues	1,020,290	1,694,500	1,619,359	(75,141)
EXPENDITURES				
General Government-Taxation:				
Personnel Services	357,564	410,875	431,655	20,780
Operating Services	105,520	136,056	127,341	(8,715)
Materials & Supplies	963,188	1,497,428	1,457,127	(40,301)
Travel & Other Charges	6,500	662	502	(160)
Capital Outlay	20,000	683,539	681,333	(2,206)
Total expenditures	1,452,772	2,728,560	2,697,958	(30,602)
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	(432,482)	(1,034,060)	(1,078,599)	(44,539)
FUND BALANCE AT BEGINNING OF YEAR	1,840,038	2,587,602	2,593,296	(75,932)
FUND BALANCE AT END OF YEAR	\$ 1,407,556	\$ 1,553,542	\$ 1,514,697	\$ (120,471)

MOSQUITO ABATEMENT DISTRICT NO.1
OF CAMERON PARISH
Creole, Louisiana

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2006

NOTE A- BUDGETARY POLICIES

The proposed budget for the General Fund, prepared on the cash basis of accounting, is published in the official journal at least ten days prior to the public hearing and is made available for public inspection at least fifteen days prior to the beginning of each fiscal year. A public hearing is held at the District's office for comments from taxpayers. The budget is then legally adopted by the District and amended during the year, as necessary. The budget is established and controlled by the District at the object level of expenditure. Appropriations lapse at year-end and must be re-appropriated for the following year to be expended. All changes in the budget must be approved by the District.

Formal budgetary integration is employed as a management control device during the year. Budgeted amounts included in the budget comparison accompanying the financial statements include the original adopted budget amount and all subsequent amendments. Encumbrance accounting is not used by the District.

NOTE B- EXPLANATION OF DIFFERENCES BETWEEN BUDGETARY INFLOWS AND OUTFLOWS AND GAAP REVENUES AND EXPENDITURES

Sources / Inflows of Resources	<u>General Fund</u>
Actual amounts (budgetary basis) "Total Revenues" from Schedule 1	\$ 1,619,359
<u>Differences - budget to GAAP:</u>	
The District budgets for property tax revenue only to the extent expected to be received, rather than on the modified accrual basis.	44,612
The District budgets for property tax revenue only to the extent expected to be received, rather than on the modified accrual basis.	-
Total revenues as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 1,663,971</u>
Uses / Outflows of Resources	
Actual amounts (budgetary basis) "Total Expenditures" from Schedule 1	\$ 2,697,958
<u>Differences - budget to GAAP:</u>	
The District budgets for pension deduction with property tax revenue only to the extent expected to be received, not with operating services.	44,612
The District budgets refunds on property tax revenue as amount expected to be received, not with operating services.	-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 2,742,570</u>

McMullen and Mancuso

Certified Public Accountants, LLC

P.O. Box 202

Lisa F. McMullen, CPA

3600 Maplenood Drive

Telephone (337) 625-5054

Pamela C. Mancuso, CPA

Sulphur, Louisiana 70663

Fax (337) 625-5849

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Mosquito Abatement District No.1
Of Cameron Parish
Creole, Louisiana

We have audited the financial statements of the governmental activities of the Mosquito Abatement District No.1 of Cameron Parish, as of and for the year ended December 31, 2006, and have issued our report thereon dated May 22, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Mosquito Abatement District No. 1 of Cameron Parish's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Mosquito Abatement District No. 1 of Cameron Parish's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Mosquito Abatement District No. 1 of Cameron Parish's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Mosquito Abatement District No. 1 of Cameron Parish's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Mosquito Abatement District No. 1 of Cameron Parish's financial statements that is more than inconsequential will not be prevented or detected by the Mosquito Abatement District No. 1 of Cameron Parish's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Mosquito Abatement District No.1 of Cameron Parish's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Members

American Institute of Certified Public Accountants
Louisiana Society of Certified Public Accountants

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Mosquito Abatement District No. 1 of Cameron Parish's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Mosquito Abatement District No. 1 of Cameron Parish in a separate letter dated May 22, 2007.

This report is intended solely for the information and use of the board of directors, management, and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

McMullen and Mancuso, CPAs, LLC

McMullen and Mancuso, CPAs

May 22, 2007

Mosquito Abatement District No. 1
Of Cameron Parish
Creole, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2006

We have audited the financial statements of Mosquito Abatement District No. 1 of Cameron Parish for the year ended December 31, 2006, and have issued our report thereon dated May 22, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2006 resulted in an unqualified opinion.

Section I -- Summary of Auditor's Report

Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses ☐ Yes ☒ No Other Conditions ☐ Yes ☒ No

Compliance

Compliance Material to Financial Statements ☐ Yes ☒ No

Section II -- Financial Statement Findings

There were no current year financial statement audit findings.

Mosquito Abatement District No. 1
of Cameron Parish
Creole, Louisiana

SCHEDULE OF PRIOR YEAR FINDINGS

Year Ended December 31, 2006

SECTION I – INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS	
There were no current year findings related to internal control and compliance material to the financial statements.	
SECTION II – MANAGEMENT LETTER	
ML 2005-1- Reconcile Accounts to Supporting Documentation It is recommended that bank reconciliations be reconciled to the monthly cash general ledger balances.	Partially Resolved
ML 2005-2- Formal Job Descriptions We recommend that an organization chart and written job responsibilities be prepared and recorded in the personnel policy manual.	Resolved
ML 2005-3- Require Dual Signatures on Certificate of Deposit Transactions It is recommended that the District consider requiring dual signatures and/or approval for all certificate of deposit transactions.	Resolved

This schedule has been prepared by management.

McMullen and Mancuso

Certified Public Accountants, LLC

P.O. Box 202

Lisa F. McMullen, CPA

3600 Mapleswood Drive

Telephone (337) 625-5054

Pamela C. Mancuso, CPA

Sulphur, Louisiana 70663

Fax (337) 625-5849

MANAGEMENT LETTER

To the Board of Directors
Mosquito Abatement District No. 1 of Cameron Parish
Creole, Louisiana

We have audited the financial statements of the Mosquito Abatement District No. 1 of Cameron Parish, a component unit of the Cameron Parish Police Jury as of and for the year ended December 31, 2006, and have issued our report thereon dated May 22, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

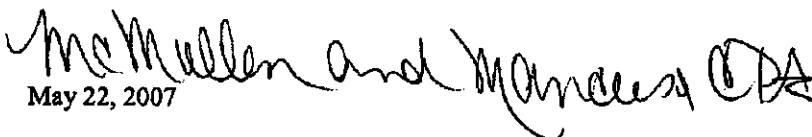
As part of our examination, we have issued our report on the financial statements, dated May 22, 2007, and our report on internal control and compliance with laws, regulations, and contracts, dated May 22, 2007.

During the course of our examination, we became aware of the following matter which represents an immaterial deviation of compliance or suggestion for improved internal controls.

ML 2006-1 - Investigate Old Outstanding Checks and Other Old Uncleared Reconciling Items

We noted that some old outstanding checks and other old uncleared reconciling items, some over four years old, are being carried on monthly bank reconciliations. This causes additional time to be spent by personnel to reconcile the bank accounts each month. We recommend that checks and other uncleared reconciling items that are over one year old be investigated and removed from the bank reconciliation and that the original transaction be reversed. Research should be done periodically to eliminate large numbers of old items being carried from month to month.

McMullen and Mancuso, CPAs


May 22, 2007

Members

American Institute of Certified Public Accountants
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**Mosquito Abatement District No. 1
of Cameron Parish
Creole, Louisiana**

MANAGEMENT'S CORRECTIVE ACTION PLAN

Year Ended December 31, 2006

SECTION I – INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS	
There were no current year findings related to internal control and compliance material to the financial statements.	
SECTION II – MANAGEMENT LETTER	
ML 2006-1 Investigate Old Outstanding Checks and Other Old Uncleared Reconciling Items It is recommended that checks and other uncleared reconciling items that are over one year old be investigated and removed from the bank reconciliation and that the original transaction be reversed.	Management will implement procedures to ensure that old outstanding checks and uncleared reconciling items over one year old are not carried forward on monthly bank reconciliations.

This schedule as been prepared by management.